

## Sharp fall in registered tenancies and considerable rental price moderation as the impact of the COVID-19 pandemic begins to take effect

- **RTB Rent Index series analysis** shows rental price inflation has moderated considerably since the pandemic began.
- Rents in Dublin fell year-on-year in April, May and June; rent inflation outside Dublin also dropped sharply.
- National month-on-month rent level declines were registered in three of the four months since March 2020 as public health restrictions were enacted.
- **Pre-COVID Q1 2020 Rent Index** shows the national standardised average rent was €1,231 per month, up by 5.4% (€64) from Q1 2019, and quarter-on-quarter rents increased nationally by 0.8% (€10) from Q4 2019.
- Based on the Rent Pressure Zone criteria, Bandon-Kinsale LEA has been designated as a Rent Pressure Zone.

**16 July 2020:** The [Residential Tenancies Board](#) (RTB) has published real-time analysis as part of the regular RTB Rent Index series that examines the short-term impact of the COVID-19 pandemic on private rental prices in Ireland. The RTB Rent Index series analysis, ‘Exploring the Impact of the COVID-19 Pandemic on Rental Prices in Ireland from January to June 2020: Early Insights from a Monthly Rent Index’, was undertaken by the [Economic and Social Research Institute](#) (ESRI) and was published today with the regular quarterly Rent Index for the January-March period (Q1) of 2020.

The analysis shows that the annual growth rate of rent amounts declined significantly compared to the period prior to the lockdown. While the annual growth rate in March was over 3%, by April this had fallen to 0.4%, and it declined again in May to 0.1%. By June, the annual growth rate had turned negative with prices falling by 3.3% compared to the same month the previous year.

In addition, between March and April there was a significant decline in number of tenancies registered with the RTB. While in March there were over 7,000 registrations, in April this had fallen to less than 4,000. The number also remained subdued in May.

**Padraig McGoldrick, Interim Director of the RTB, commented on the report’s findings;**

*“A core function and strategic priority of the RTB is the provision of accurate, relevant and authoritative research. Every quarter, the RTB publishes the most accurate and authoritative rent report of its kind on the private rental sector in Ireland. Today, we are launching the Q1 2020 Rent Index Report. The latest Index Report would under normal circumstances be signalling continuing signs of price moderation with the national standardised average rent up by 5.4% from Q1 2019. However, the Q1 2020 Index can only really provide us with a pre-pandemic benchmark.*

*That is why, as part of the Rent Index series, we asked the ESRI to produce a short run index covering the period from January to June 2020. This work has allowed us a real time view of developments in the private rental sector, so we can begin*

*to understand the pandemic's impact. It's clear from the analysis since the pandemic began that the rental market has been immediately impacted by lockdown, with prices falling by 3.3% nationally in June compared to the same period the previous year. Dublin experienced the most immediate reduction, however, as we went further into lockdown, we saw price growth outside of Dublin gradually begin to decline at a greater level.*

*We understand that the COVID-19 crisis presents new challenges for both landlords and tenants across the country. We are continuing to encourage those who are experiencing issues in their tenancies during this time to visit our website [[www.rtb.ie](http://www.rtb.ie)] for information on how to resolve issues and, if necessary, use the RTB's telephone mediation service, which is a free service to help landlords and tenants resolve a dispute in a mutually beneficial manner, and does not require people to leave their home."*

This estimated index uses the same data structure and modelling strategy as per the quarterly Rent Index, which is documented in the Rent Index publication series. The index is estimated on real time data up until 16<sup>th</sup> June. It is therefore subject to potential data revisions as many landlords may not have registered tenancies for the later months in the sample.

**Conor O'Toole, Senior Research Officer at the Economic and Social Research Institute, said:**

*"The spread of COVID-19 and the resulting lockdown is likely to impact all facets of the Irish economy. This includes prices in the rental market which have been rising rapidly in recent years due to excess demand and strong economic growth.*

*To ensure the analysis covered by the Rent Index series was as up-to-date as possible given the pandemic, we drew on real time data from the RTB to estimate a monthly rent index, giving us data for the January to June 2020 period. This allows us to provide an early view into impact of the pandemic on rental prices and tenancy registrations in Ireland.*

*This report provides a clear insight at the present juncture. With the economic situation relating to the pandemic rapidly evolving, it is difficult to assess the trajectory of prices in the short to medium term. However, it is very likely they will closely mirror developments in incomes and unemployment of households. A more detailed granular assessment of trends in pricing will be presented in the upcoming Q2 Rent Index which will be published later in the year."*

**The RTB Rent Index Report for Q1 2020**

The RTB has also published the quarterly Rent Index for the January-March period (Q1) of 2020. In Q1 2020, the national standardised average rent was €1,231 per month, up by 5.4% (€64) from Q1 2019, and quarter-on-quarter rents increased nationally by 0.8% (€10) from Q4 2019.

Following referral from the Housing Agency and the Minister for Housing, Local Government and Heritage, Darragh O'Brien T.D., the RTB, using the Q1 2020 Rent Index, has confirmed to Minister O'Brien that one Local Electoral Area (LEA), Bandon-Kinsale LEA, has met the Rent Pressure Zone (RPZ) designation criteria. As a result, this LEA is designated an RPZ as of today, 16 July 2020.

The RTB Rent Index, which is compiled in conjunction with the ESRI, is the authoritative report on the Irish rental market. It is based on actual rents paid on 20,878 tenancies registered with the RTB in the quarter, which is made up of housing stock new to the rental sector, new tenancies in existing housing stock and renewals of existing tenancies.

***If you would like to view the pandemic-related early view of rental trends; ‘Exploring the Impact of the COVID-19 Pandemic on Rental Prices in Ireland from January to June 2020: Early Insights from a Monthly Rent Index’, please click [here](#).***

Or

***To view the full RTB Rent Index Report for Q1 2020 and the supporting infographics:***

- [Q1 2020 RTB Rent Index Report](#)
- [Supporting infographic](#)

**ENDS**

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## **NOTES TO EDITORS**

### **Appendix 1: RTB Rent Index Report for Q1 2020 Summary**

#### **The National Picture**

- €1,231 is the Q1 2020 national standardised average rent, which is up 5.4% compared to this time last year (€1,168 in Q1 2019).
- This growth rate compares to 6.1% in Q4 2019, 7.4% in Q3 2019, and 6.8% in Q2 2019.
- The RTB Q1 2020 Rent Index shows that on a quarter-on-quarter basis, rents nationally increased by 0.8%.
- Relationship to peak: the average rent of €993 in Q1 2008 was the peak pre-recession rent, so nationally rents are now 24% higher than this peak or €238 higher.

#### **The Dublin Market**

- Dublin’s rental market continues to be the largest in the country in Q1 2020, accounting for just over two in five new tenancies registered or renewed with the RTB.
- The standardised average rent in Dublin was €1,735, up from €1,647 (Q1 2019) one year earlier. This represents an annual increase of 5.3% or €88.
- Relationship to peak: the average rent of €1,301 in Q4 2007 was the peak pre-recession rent, so rents are now 33% higher than this peak or €434 higher.
- The acute price pressures in Dublin are clearly evidenced with just 9.5% of tenancies agreed at less than €1,000 per month, compared to 67% elsewhere.
- In Dublin, just over 60.1% of tenancies had a rent level greater than €1,500, compared to 6.6% in the rest of the country.

- Apartments or flats make-up 71.9% of the rental market in Dublin, compared to 42.2% in the Greater Dublin Area (excluding Dublin) (GDA) and 37.6% in the rest of the country.

### GDA (Excluding Dublin)

- In Q1 2020, the standardised average rent for the GDA (excluding Dublin) was €1,280, up from €1,158 the previous year.
- On a year on year basis, the GDA (excluding Dublin) standardised average rent was up 10.5%.
- The quarter on quarter growth rate in the GDA (excluding Dublin) was 3.1% in Q1 2020, an increase from -0.3% in Q4 2019.
- Relationship to peak: the average rent of €1,025 in Q4 2007 was the peak rent pre-recession, so rents are now 25% higher than this peak or €255 higher.

### Outside the GDA

- In Q1 2020, the standardised average rent for Outside the GDA was €870, up from €833 the previous year.
- On a year on year basis, Outside the GDA rent was up 4.4%.
- The quarter on quarter growth rate in the Outside GDA area was -0.3 % in Q1 2020, up from -2.6% in Q4 2019.

**A full county-by-county breakdown is available on page 21 of the Q1 2020 RTB Rent Index.**

### Registrations

- The Q1 Rent Index Report is based on 20,878 registrations which consists of new housing stock being made available, new tenancies and contract renewals of existing tenancies.
- At the end of Q1 2020, the total number of tenancies registered with the RTB was 364,967 with 302,639 private rented, 33,900 Approved Housing Body, and 28,428 Student Accommodation tenancies.

### New Rent Pressure Zone\*

One Local Electoral Area (LEA) meets the RPZ designation criteria: Bandon-Kinsale LEA. As a result, Bandon-Kinsale LEA is designated an RPZ as of 16 July 2020.

For an area to be designated as an RPZ, it must meet the following criteria:

- **Criteria 1:** The annual rate of rent inflation in the area must have been 7% or more in four of the last six quarters.
- **Criteria 2:** The rent is above the comparison standardised average rent, which is appropriate for that area.

**Table 1: New Rent Pressure Zone Designated on the 16th July 2020**

Local Electoral Area	County	Year-on-year Change in Rents	Number of Quarters >7% growth	Standardised average rent Q1 2020
Bandon-Kinsale LEA	Cork	7.68%	4	€1,072.02

*\*Please be advised that including the one new designation, there are now a total of five local authorities and 48 LEAs which are RPZs in Ireland.*

For more information, please visit [www.rtb.ie](http://www.rtb.ie).